

FILED
Clerk
District Court

JUN 21 2024

for the Northern Mariana Islands
By af
(Deputy Clerk)

MINUTES OF THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN MARIANA ISLANDS

June 21, 2024
8:30 a.m.

1:24-bk-00002
1:19-cv-00008

IN RE: IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC
JOSHUA GRAY -vs- IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC et. al.,

PRESENT: HON. RAMONA V. MANGLONA, CHIEF JUDGE PRESIDING
PAMELA HUYNH, LAW CLERK
FRANCINE ATALIG, COURTROOM DEPUTY
ANASTASIIA SHAMANAIEVA, INTERN
AARON HALEGUA, PRO HAC VICE ATTORNEY FOR JOSHUA GRAY (vtc)
JOSHUA GRAY, PLAINTIFF IN CV 19-08
MICHAEL WHITE, ATTORNEY FOR CLEAR MANAGEMENT AND CREDITORS
MARTIN WRIGHT, CLEAR MANAGEMENT (vtc)
TIM SHEPHERD, CLEAR MANAGEMENT (vtc)
CHARLES H. MCDONALD II, PROPOSED ATTORNEY FOR DEBTOR
MICHAEL CHEN, PRO HAC VICE ATTORNEY FOR DEBTOR (vtc)
CHUCK C. CHOI, PRO HAC VICE ATTORNEY FOR DEBTOR (vtc)
ALLISON ITO, PRO HAC VICE ATTORNEY (vtc)
HOWYO CHI, IPI REPRESENTATIVE
KARLA MALAGON CASTILLO, ATTORNEY FOR U.S. DEPARTMENT OF LABOR
J. ROBERT GLASS, ATTORNEY FOR CNMI
KEITH CHAMBERS, II, PROPOSED ATTORNEY FOR CREDITOR COMMITTEE OFFICIAL
CHRISTOPHER WONG, PROPOSED PRO HAC VICE ATTORNEY FOR CREDITOR
COMMITTEE OFFICIAL (vtc)
COLIN THOMPSON, ATTORNEY FOR USA FANTER AND OTHER CREDITORS
VINCENT SEMAN, ATTORNEY FOR KAN PACIFIC
STEVEN PIXLEY, ATTORNEY FOR TAKE CARE
JOEY SAN NICOLAS, ATTORNEY FOR LOI LAM SIT

PROCEEDINGS: MOTION FOR EXPENSE PROCEDURE / APPLICATIONS TO
EMPLOY / MOTION TO OBTAIN POSTPETITION SECURED
INDEBTEDNESS / STATUS CONFERENCE

Court apprised the parties that there are four motions before the Court.

Court first addressed the Applications to Employ Choi and Ito, ECF No. [10] and Application to Employ Michael Chen, ECF No. [13]. Without objection, Court granted both Applications to Employ Attorneys Choi, Ito, and Chen.

Court then addressed the Motion for Order Establishing Interim Fee Application and Expense Reimbursement Procedures, ECF No. [9]. Without objection, Court granted the Motion and will issue an order.

Debtor to provide proposed final orders and circulate them amongst the US Trustee and Committee of Unsecured Creditors.

Court addressed the Motion for Order Authorizing Debtor to Obtain Postpetition Secured Indebtedness, ECF No. [12]. Attorney Choi confirmed that the proposed order will be provided to the Court. Attorney Choi made further arguments as to the DIP loan and made an oral amendment to the motion and requested for an additional \$1 million, as opposed to the \$6.6 million, on the same terms the Court previously approved in the interim order. Attorney Wong made arguments and stated the Committee's position and requested that the Debtor provide a revised budget.

Attorney San Nicolas apprised the Court that counsel met with Mr. Sit on June 19, 2024, via WhatsApp and discussed terms of the loan. He represented that Mr. Sit does not oppose the additional \$1 million as suggested by the Debtor. Attorney San Nicolas further apprised the Court that Mr. Sit is prepared to file a supplemental declaration identifying himself and provide biodata. Court reminded Attorney San Nicolas that all personal identifiers should be redacted when filing the supplemental declaration.

Attorney Glass stated his continued objection the Debtor's request for additional financing and made further arguments. Attorney Verbrugge also made arguments as to the Debtor's request for additional funding and expressed concerns regarding lease payments and insurance. Attorney Choi argued in response as to the certificate of insurance and the DPL payment. He clarified that the interim DIP financing of \$400,000 was received just this week. Mr. Howyo Chi further provided an update to the Court as to the certificate of insurance. Court accepted the proffer as a basis to conclude that for purposes of the insurance there is good faith effort, and that the Debtor will be able to produce the certificate of insurance. Court ordered Mr. Howyo Chi to make payment to Department of Public Lands in the amount of \$207,000. Attorney Glass to confirm where payment should be made.

Attorney Halegua objected to the Debtor's request of additional funding and made arguments. Court is inclined to continue this matter to next week to allow Debtor to produce a revised budget to justify the request for additional funds and to allow Mr. Howyo Chi to sign and tender payment to DPL. Court is inclined to grant a second interim order as suggested by the Trustee. Attorney Glass apprised the Court that the check needs to be made out and delivered to the Department of Public Lands.

Attorney Choi responded to the Courts inquiry as to the possible compromise of the license issue and noted that the Commission has not appeared in this Court. Attorney Glass argued in response and clarified that he represents the CNMI and its agencies, including Commonwealth Casino Commission. Court restated that the \$400,000 was received by the Debtor that week and that an additional \$1 million is being requested and that Mr. Sit has accepted to be permissible and would be prepared to transmit the additional \$1 million to the debtor. Attorney Halegua suggested that the Debtor provide an explanation as to the money already received from Kyosei Bank and made arguments. Attorney Choi objected to Attorney Halegua's arguments. Attorney Glass made further arguments. Court granted the amended motion for a second interim order authorizing the DIP loan of up to \$150,000 dollars to finance through the month of June 2024.

Attorney Verbrugge had no objection to establishing a separate DIP account that is designed for professional fees to be set aside. Court expects to see more concrete information regarding the proof of the insurance, payments, and transfer of funds. Attorney Choi to provide proposed second interim order which will include provisions the Court approved today.

Court continued the Motion for Order Authorizing Debtor to Obtain Postpetition Secured Indebtedness, ECF No. [12], to **June 27, 2024, at 8:30 am.**

Attorney Halegua apprised the Court that Gray's Opposition, ECF No. [117], addresses the \$20 million. Court apprised Attorney Halegua it will review the filing and that the Debtor should be prepared to address this matter at the next hearing should the \$20 million be a factor of funding availability.

Court addressed CV 19-08 and apprised all that it is not inclined to schedule the separate OSC hearing due to the posture of this bankruptcy case. Court delayed the order to show cause issue and continued this matter to July 18, 2024, at 8:30 am.

Court requested for a status report from Attorney Glass when payment is made to DPL by the Debtor, which should occur today.

Adjourned at 10:00 a.m.
/s/ Francine Atalig, Courtroom Deputy

CERTIFICATE OF OFFICIAL COURT RECORDER

I, Francine Atalig, certify that I am a duly appointed Courtroom Deputy for the United States District Court for the Northern Mariana Islands, and I was present in the courtroom of this court on 06/21/2024. On this date during the regular course of my profession, I made electronic sound recording(s) of the proceedings, for the above-entitled case. I have played back the recording and certify that it is a true and correct record of the proceedings, that is sufficiently intelligible when played on the FTR Touch, that it can be transcribed without undue difficulty, and that I have filed the original recording with the Clerk of Court, as required by 28 U.S.C. § 753(b).
